

Message Text

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ACTION EB-11

INFO OCT-01 ARA-11 EUR-25 NEA-10 IO-12 ADP-00 AGR-20

CEA-02 CIAE-00 COME-00 DODE-00 FRB-02 H-02 INR-10

INT-08 L-03 LAB-06 NSAE-00 NSC-10 PA-03 RSC-01 AID-20

CIEP-02 SS-15 STR-08 TAR-02 TRSE-00 USIA-12 PRS-01

OMB-01 HEW-08 RSR-01 /207 W
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TO SECSTATE WASHDC 9253

INFO AMEMBASSY BRASILIA

AMEMBASSY NEW DELHI

AMEMBASSY ROME

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ROME FOR FODAG

E. O. 11652: N/A

TAGS: ETRD, GATT

SUBJECT: GATT GROUP OF THREE

REF: A) STATE 36294; B) STATE 82376

BEGIN SUMMARY: G-3 CONSULTATION WITH US SUGGESTS WE ARE
NOT LIKELY BE SPECIAL TARGET FOR CRITICAL COMMENT. GROUP PAR-
TICULARLY INTERESTED IN PROBING US ATTITUDE TOWARD SPECIAL
RULES FOR LDC PARTICIPATION IN MTN. INFORMATION REQUESTED:
IS OUR GSP PROPOSAL EXPECTED TO COVER PROCESSED NATURAL RUBBER?

END SUMMARY

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1. GROUP OF THREE CONSISTING OF CP CHAIRMAN PATEL (INDIA), COUNCIL CHAIRMAN KITAHARA (JAPAN) AND CTD CHAIRMAN BATISTA (BRAZIL) CONSULTED US MAY 9 AS PART OF CURRENT SERIES OF MEETINGS WITH DEVELOPED AND DEVELOPING CPS. US REP (CULBERT) DETAILED RECORD OF US COMPLIANCE WITH EARLIER G-3 RECOMMENDATIONS, CITED DRAFT US TRADE LEGISLATION INCLUDING GSP AND REVIEWED HIGHLIGHTS OF ECONOMIC PORTION PRESIDENT'S FOREIGN POLICY REPORT. G-3 HAD NO CRITICAL COMMENTS ON US ACTIONS (REFTELS) TO CARRY OUT PREVIOUS RECOMMENDATIONS. PATEL ASKED, HOWEVER, IF ENACTMENT US GSP LEGISLATION WOULD ELIMINATE DUTY ON PROCESSED NATURAL RUBBER AND THUS OBVIATE NEED FOR SPECIAL LEGISLATION TO TAKE CARE OF LONGSTANDING LDC REQUEST ON THIS PRODUCT (P. 33, L/3710). WE PROMISED CHECK.

2. GROUP SAID ONLY TWO LDCS HAD REGISTERED SPECIFIC COMPLAINT ABOUT US POLICIES DURING ROUND OF LDC CONSULTATIONS LAST WEEK. ISRAEL CLAIMED DUTIES ON CITRUS JUICES AND CONCENTRATES WERE PROHIBITIVE AND HOPED G-3 WOULD URGE INCLUSION OF BOTH PRODUCTS IN GSP. NICARAGUA SAID ITS EXPORTS OF SUGAR, MEAT AND COFFEE WERE HAMPERED BY US QUOTAS, PACKAGING REQUIREMENTS AND PHYTOSANITARY REGS. WE REPLIED US CITRUS DUTY LEVELS REFLECT OTHER EXPORTERS' DISINTEREST IN NEGOTIATING REDUCTIONS DURING GATT ROUNDS DUE TO OUR INDUSTRY'S COMPETITIVE STRENGTH; WE NOTED INCLUSION OF PRODUCTS IN US GSP SUBJECT TO PUBLIC HEARINGS AND INCLUSION OF FRESH OR PROCESSED CITRUS SEEMED HIGHLY UNLIKELY. NICARAGUAN COMPLAINT NOT SUFFICIENTLY DETAILED FOR COMPLETE RESPONSE, BUT WE REVIEWED RELEVANT POLICIES AND NOTED US TREATMENT OF NICARAGUAN EXPORTS RELATIVELY FAVORABLE UNDER EACH.

3. ASKED FOR COMMENTS ON LDC PARTICIPATION IN MTN, WE AGAIN URGED NON-CP LDCS TO MAKE ADVANCE DECLARATION OF INTENTION TO JOIN GATT IF RESULTS SATISFACTORY. SUCH A DECLARATION WOULD ENCOURAGE US AND OTHER DCS TO GIVE MORE SERIOUS CONSIDERATION TO THEIR SPECIFIC REQUESTS AND PROVIDE JURIDICAL BASIS FOR SAFEGUARDING RESULTS. BATISTA SUGGESTED SIMILAR RESULT MIGHT BE OBTAINED BY SPECIAL PROTOCOL INCORPORATING SOME (BUT NOT ALL) GATT OBLIGATIONS LIMITED OFFICIAL USE

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ALONG LINES OF THAT ACCEPTED BY NON-GATT PARTIES TO 16-LDC TRADE AGREEMENT.

4. G-3 EMPHASIZED LDCS' INTEREST IN DEVISING SPECIAL RULES FOR THEIR PARTICIPATION IN MTN, DRAWING ATTENTION INTER ALIA TO SUGGESTIONS THAT MTN CONFIRM THEIR RIGHT TO SUBSIDIZE, THAT LDCS JOINTLY BE ACCORDED PRINCIPAL SUPPLIER RIGHTS, THAT

THEY NEGOTIATE AS GROUP, THAT NTBS BE APPLIED ON PREFERENTIAL BASIS AND THAT LDCS BENEFIT FROM ACCELERATED IMPLEMENTATION OF MTN RESULTS. WE COMMENTED US POSITION ON MOST OF THESE ISSUES STILL UNDER REVIEW BUT EXPRESSED DOUBTS IT WOULD BE POSSIBLE REACH AGREEMENT ON A DIFFERENT RECIPROCITY RULE THAN NOW IN AD ARTICLE 36 AND QUESTIONED PRACTICAL SCOPE FOR PREFERENTIAL REDUCTION OF NTBS OTHER THAN QRS WHICH US OPPOSED.

5. GROUP ALSO POINTED TO WIDESPREAD LDC DESIRE TO INCLUDE PHYTOSANITARY REGS IN MTN. US COMMENTED THAT REGULATIONS THEMSELVES WOULD NOT BE NEGOTIABLE BUT IMPROVED MECHANISMS MIGHT BE DEVELOPED TO HELP RESOLVE DISPUTES IN THIS AREA.
BASSIN

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